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Department of the Treasury
Internal Revenue Service

Publication 522
(Rev. Nov. 80)

Disability Payments

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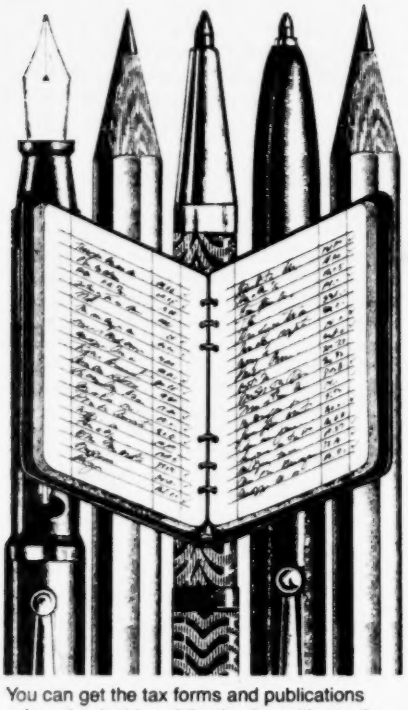
For use in preparing
1980 Returns



You can get the tax forms and publications referred to in this publication by writing to the IRS Forms Distribution Center listed in your Form 1040 or 1040A Instructions. Or, you can call the Tax Information number in the phone book listed under "United States Government, Internal Revenue Service."

Introduction

Generally, if you retire on disability, you must report your pension or annuity as income. However, you may be able to take the disability income exclusion. This publication explains when disability payments are taxable to you. It also includes information on the disability income exclusion.

If you are 65 or older, you may be able to claim the credit for the elderly. Certain public retirees under 65 also may be able to claim this credit. For more information, see Publication 524, *Credit for the Elderly.*

Disability Payments

Whether you must report your disability pension or annuity as income depends on how your pension plan is financed.

Taxable Disability Pensions

Generally, you must report as income any amount you receive for your disability through an accident or health insurance plan that is paid for by your employer. However, certain payments may not be taxable to you. These payments are discussed later in this publication.

If the plan does not say that you must contribute a specific part of the cost of the disability pension, your employer is considered to provide the disability pension. You must report all payments you receive on your return.

If the plan says that you must contribute a specific part of the cost of your disability pension, any amounts you receive that are due to your contributions to the disability pension are not taxed. You do not report them on your return. They are treated as benefits received under an accident or health insurance policy that you bought. Except as otherwise provided, you must include in income the rest of the amounts you receive, that are due to your employer's contribution. You must report these amounts on your return.

If you retired on disability during the past year, any lump-sum payment for accrued annual leave that you received when you retired is a salary payment. The payment is not a disability payment. You should report it as ordinary income in the tax year you received it.

Retirement and profit-sharing plans. Any payments you receive from a retirement or profit-sharing plan that does not provide for disability retirement is not a payment from an accident or health plan. Therefore, you do not report as disability income the payments you received. However, the payments are taxable and you should report them as a pension or annuity. See Publication 575, *Pension and Annuity Income.*

Your employer should be able to give you specific details about your pension plan and tell you the amount you contributed for your disability pension. Any amount that is due to your contribution and that you receive under an accident or health insurance plan is not included in your gross income. Except as otherwise provided, any amount that is due to your employer's contribution is fully taxable.

How to report. You report all your taxable disability payments on line 8, Form 1040. If you qualify to claim the disability income exclusion, subtract a part of these payments on line 29, Form 1040. See *Disability Income Exclusion,* later.

Disability annuity payments for the period beginning with the earliest of (1) the first day of your tax year in which you become 65, (2) the day after you reach mandatory retirement age, or (3) the first day of the tax year for which you choose to treat disability income as pension or annuity income are not eligible for the disability income exclusion. You generally report these payments on your return as pension or annuity income under either the Three-Year Rule or the General Rule.

If you retired on disability but do not qualify for the disability income exclusion because you were not permanently and totally disabled, payments you receive are taxable under the Three-Year Rule or the General Rule beginning on the day after you reach minimum retirement age. Minimum retirement age generally is the age at which you may receive a pension or annuity whether or not you are disabled.

If your contributions are specifically applied to the cost of your disability pension, do not include the contributions you made toward the purchase of the disability pension in figuring the cost of your pension or annuity for the Three-Year Rule or the General Rule. For more information on the Three-Year Rule and the General Rule, see Publication 575.

Military and Certain Government Disability Pensions

Generally, you must report disability pensions as income. But certain military and government disability pensions are not taxable to you. If your disability pension is taxable, you may be able to take the disability income exclusion. See *Disability Income Exclusion,* later.

Members of government services. Generally, you must report on your return any disability payments you receive for personal injuries or sickness resulting from active service in the armed forces of any country, or in the National Oceanic and Atmospheric Administration, the Public Health Service, or the Foreign Service, if you joined the organization after September 24, 1975. However, if you receive a disability pension based on percentage of disability, you do not include the disability payments in your income if:

1) You were entitled to receive a disability payment before September 25, 1975, or
2) You were a member of a government service or its reserve component, or were under a binding written commitment to become a member, on September 24, 1975, or

3) You receive disability payments for a "combat-related injury," or

4) You would be entitled to receive disability compensation from the Veterans Administration if you filed an application for it.

"Combat-related injury" means personal injury or sickness that:

1) Directly results from armed conflict,

2) Takes place while you are engaged in extra-hazardous service,

3) Takes place under conditions simulating war, including training exercises such as maneuvers, or

4) Is caused by an instrumentality of war.

Disability based on years of service. If you receive a disability pension based on years of service, you generally must include it in your income. But if you fall into one of the 4 categories listed above under *Members of government services*, you do not include in income the part of your pension that you would have received if the pension had been based on percentage of disability. You must include the rest of your pension in income. The disability income exclusion (explained later) may apply to this taxable part if you were totally and permanently disabled.

Civilian government employees do not include in income disability payments received for injuries resulting from acts of terrorism and violent terrorist attacks occurring while the employees are performing official duties outside the United States.

Disability benefits you receive from the Veterans Administration are not included in your gross income. If you are a military retiree and do not receive your disability benefits from the Veterans Administration, you do not have to include in your income an amount of disability benefits equal to the VA benefits to which you are entitled. If you give up part of your retired pay to receive a nontaxable VA benefit, you are considered to first give up the part of your military retired pay that is not included in your income because of percentage of disability before you give up your taxable retired pay.

If you are given a retroactive service-connected disability rating by the Veterans Administration, you do not include in income the part of your retirement pay received from the armed forces during the retroactive period that is equal to the amount you would have been entitled to receive from the VA because of the disability rating. However, you must include in income any lump-sum readjustment payment you received on release from active duty, even though you are later given a retroactive disability rating by the VA.

Other Sickness and Injury Benefits

In addition to disability pensions and annuities, you may be receiving other payments for sickness and injury.

Workmen's compensation you receive for sickness or injury is fully exempt from tax. Workmen's compensation payments to your beneficiaries in case of your death are also exempt. If you turn over your workmen's compensation payments to your employer, and all or part of your regular salary continues to be paid, the excess of your salary payments over the amount of your workmen's compensation is taxed. You must include it on your return.

Example. You are hurt on the job, and are out of work for 6 weeks. Your employer continues to pay your salary of $200 a week, or $1,200, for the time you are absent. You receive $75 a week, or a total of $450, workmen's compensation. Under your employment contract, you turn over all the compensation to your employer. You do not include the $450 in your income. However, the balance of $125 a week, or $750, is taxable income.

If you return to work after qualifying for workmen's compensation, payments you continue to receive while assigned to light duties are taxable.

Part of your disability pension may be workmen's compensation. That part is exempt from tax. The rest of your pension, based on years of service, is taxable but may be subject to the disability income exclusion, explained later. In case of your death, the part of your survivor's benefit that is a continuation of the workmen's compensation is exempt from tax.

Black lung benefit payments are similar to workmen's compensation and are not taxed.

Federal Employees' Compensation Act payments for personal injuries or sickness, including payments to beneficiaries in case of death, are not taxable. However, you are taxed on amounts you receive under this act as "continuation of pay" for up to 45 days while a claim is being decided. Also, pay for sick leave while a claim is being processed is taxable.

You may deduct the amount you spend to "buy back" sick leave for an earlier year, so as to be eligible for nontaxable FECA benefits for that period, as an itemized deduction on Schedule A (Form 1040). If you "buy back" sick leave you used in the same year, however, the amount reduces your taxable sick leave pay. You may not deduct it separately.

Damages you receive for injury or illness are not taxed.

Benefits you receive under an accident or health insurance policy attributable to premiums you paid are not taxed.

Disability benefits you receive for loss of income or earning capacity as a result of injuries under a "no-fault" car insurance policy are not taxed.

Compensation you receive for permanent loss, or loss of use, of a part or function of your body, or for permanent disfigurement, is not taxed if the compensation is figured only with regard to the injury and not to your period of absence from work. These benefits are not taxed even though your employer pays for the accident and health plan that provides these benefits.

Reimbursement for medical care generally is not taxed. However, this reimbursement may reduce your medical expense deduction. For more information, see Publication 502, *Medical and Dental Expenses.*

Withholding of Tax

The following deals with withholding of income tax and FICA (social security) tax on disability payments.

Income tax. You may ask the payer of your disability pension to withhold income tax from the payments made to you. The pension must be payable over more than one year, the amount withheld must be at least $5 a month, and the net payment you receive may not be less than $10. To have income tax withheld, you must fill out Form W-4P, *Annuitant's Request for Federal Income Tax Withholding,* and give it to the payer of your pension or annuity.

Social security (FICA) tax. Payments you receive for earned sick leave when you are absent from work due to illness or accident are not subject to withholding of social security tax. However, payments you receive after your benefit year for sick leave that you did not use are subject to withholding of social security tax.

Refunds of social security tax. If your employer took out social security tax by mistake from sickness or accident disability payments, you may be entitled to a refund. You should contact your employer and ask for a refund. However, if you are unable to get a refund from your employer, you should file a claim for refund on Form 843, *Claim,* with the Internal Revenue office where your employer's returns were filed.

Disability Income Exclusion

Normally, you may subtract from your income up to $5,200 a year of your disability payments if you qualify for the disability income exclusion. The amount you may subtract is limited to the amount of disability pay you actually received or $100 a week, whichever is less, and may have to be reduced by part of your adjusted gross income.

Do You Qualify for the Exclusion?

You may qualify for the exclusion if:

1) You are under 65 on December 31, 1980, and

2) You have not reached mandatory retirement age on January 1, 1980, and

3) You have retired on disability, and

4) You were permanently and totally disabled when you retired, and

5) You have not chosen to treat your disability income as a pension or annuity.

If you retired on disability before 1977, you did not have to be permanently and totally disabled at the time you retired, provided you

were permanently and totally disabled on January 1, 1976, or January 1, 1977.

You are 65 on your 65th birthday for the disability income exclusion.

Mandatory retirement age is the age set by your employer at which you must retire.

Retired. You are retired when you have stopped working because of your disability. You do not have to retire formally to be considered retired.

Permanent and total disability. You are permanently and totally disabled if you are unable to do any ***substantial gainful activity*** because of your physical or mental condition. A physician must find that the condition has lasted or can be expected to last continuously for 12 months or more, or that the condition can be expected to lead to death.

Substantial gainful activity is work that you do for a reasonable time for pay or profit. It also includes work that generally is done for pay or profit. Full-time work under competitive conditions usually shows that you can do substantial gainful activity.

Substantial gainful activity is not the kind of work you do to take care of yourself or your home. It is not unpaid work on hobbies, therapy, training, clubs, social programs and similar activities. ***But,*** the kind of work you do may be proof that you are able to do substantial gainful activity. The fact that you have not worked for some time is not proof that you cannot do substantial gainful activity.

If you work regularly, full time, and in a competitive work situation and are paid at least the minimum wage, this is enough to show that you are able to do substantial gainful activity. Minimum wage is defined by the Fair Labor Standards Act. If you work part time at your employer's convenience in a competitive work situation and are paid at least the minimum wage, you are considered to be able to do substantial gainful activity.

In other situations, the kind of things you do may prove that you can do substantial gainful activity.

Example 1. Bob worked as a desk clerk in a hotel. After retiring on disability, he got a desk clerk job at another hotel. Bob was able to do all the duties of the job and was paid more than the minimum wage. Because he is able to do the duties of the job in a full-time, competitive work situation and is paid more than the minimum wage, he is able to do substantial gainful activity. He cannot take the disability income exclusion.

Example 2. Sue, a sales clerk, retired on disability. She now works as a full-time babysitter and is paid more than the minimum wage. Even though Sue is doing different work, she is able to do the duties of her new job in a full-time, competitive work situation for pay that is more than the minimum wage. She cannot take the disability income exclusion.

Example 3. Tom, a bookkeeper, retired on disability. He now drives a truck for a charitable organization. He sets his own hours and is not paid. Some weeks he works 10 hours and some weeks he works 40 hours. Over the year he averages 20 hours a week. The kind of work and his average hours a week show that Tom is able to do substantial gainful activity. This is true even though Tom is not paid and he sets his own hours. He cannot take the exclusion.

Example 4. John, who retired on disability, took a job with a former employer on a trial basis. The purpose of the job was to see if John could do the work. The trial period lasted for 6 months during which John was paid the minimum wage. Because of John's disability, he was assigned only light duties of a nonproductive, "make-work" nature. The activity was gainful because John was paid at least the minimum wage. But the activity was not substantial because his duties were nonproductive. So there is no proof that John could do substantial gainful activity.

See *Physician's statement*, later, for information on the statement you must attach to your return.

Treating your disability income as a pension or annuity. Instead of treating your disability payments as disability income, you may choose to treat them as pension or annuity income if you were permanently and totally disabled when you retired. If you retired on disability before 1977, you may also make this choice if you were permanently and totally disabled on January 1, 1976, or January 1, 1977. You can make this choice for any tax year before the tax year in which you reach 65. If you make this choice, it applies for the tax year you make it and all following years. You may no longer take a disability income exclusion.

You may benefit by making this choice if:

1) Your adjusted gross income reduces your disability income exclusion (see *Adjusted gross income limit*, later), or
2) You believe that you will not live long enough to recover tax-free your pension or annuity cost at 65 or at your annuity starting date, or
3) You have reached minimum retirement age and can take a credit for the elderly.

To make this choice, you must attach to your Form 1040 a statement that:

1) You qualify to claim the disability income exclusion, and
2) You choose to treat your disability income as pension or annuity income, and
3) You will not claim a disability income exclusion in 1980 or any later year.

You also must attach a statement from a qualified physician certifying your total and permanent disability. (See *Physician's statement*, later.)

Example 1. You retired in 1980 on disability but you were not permanently and totally disabled. You may not make the choice to treat disability income as pension or annuity income. You report your disability payments on line 8, Form 1040, until you reach minimum retirement age. After that date, you must report the disability payments under an applicable pension or annuity rule.

Example 2. Assume in Example 1 that you were permanently and totally disabled when you retired and did not reach 65 or mandatory retirement age in 1980. You did not make the choice to treat disability income as pension or annuity income. You report the total disability payments on line 8, Form 1040. But you may take the disability income exclusion subject to the weekly limit and the adjusted gross income limit.

Example 3. You retired in 1980 and you were permanently and totally disabled at retirement. Your adjusted gross income in 1980 was more than $20,200. You did not reach 65 and you did not reach mandatory retirement age in 1980. You choose to treat your disability income as pension or annuity income because your adjusted gross income of more than $20,200 eliminates your disability income exclusion. (See *Adjusted gross income limit*, later.) You report your disability income as a pension or annuity so that you may begin recovering your annuity cost.

Earned income credit and credit for the elderly. Earned income from any retirement system, whether private or public, may qualify for the earned income credit. See Publication 596, *Earned Income Credit*.

If you are under 65, you may take the credit for the elderly only if you have retirement income from a public retirement system. To figure the credit for the elderly, you must determine whether your disability payments are "earned income" or "retirement income." You figure your credit for the elderly on Schedule RP (Form 1040). See Publication 524, *Credit for the Elderly*.

Earned income or retirement income. Disability payments you receive that are treated under an applicable pension or annuity rule are not earned income for purposes of the credit for the elderly and the earned income credit. These payments may be retirement income. However, if you have chosen to treat your disability income as pension or annuity income and have started recovery of your annuity or pension costs under an applicable annuity rule before your minimum retirement age, the taxable part of your benefits will still be treated as earned income for purposes of the earned income credit and the credit for the elderly, up to minimum retirement age. You may be entitled to the earned income credit on the taxable part.

After minimum retirement age, the taxable part of your pension or annuity payments will be considered retirement income. At this time, if you receive retirement income from a public retirement system, you may be eligible for the credit for the elderly on the taxable part of the retirement payments. If you do not receive the payments from a public retirement system, you will not be eligible for the credit for the elderly until you are 65.

Disability income. Generally, any taxable disability income you receive will qualify for the

disability income exclusion. However, certain disability income does not qualify for the exclusion.

Any lump-sum payment for accrued annual leave that you received when you retired on disability is a salary payment. It is not a disability payment and cannot be excluded. You must include the payment in your gross income in the tax year you received it.

Any payments you receive from a retirement plan or profit-sharing plan that does not have a provision for disability retirement do not qualify for the exclusion. The payments are taxable as pension or annuity income.

If you qualify, you may take the exclusion until the earliest of the following dates:

1) The first day of the tax year in which you become 65, or
2) The first day of the tax year for which you choose to treat your disability income as pension or annuity income, or
3) The day you reach mandatory retirement age.

After you have reached this date, you may not take a disability income exclusion. The payments you receive are treated as pension or annuity income. See Publication 575 for the rules you should follow to report pension and annuity income.

If you do not qualify for the disability income exclusion, you must include your disability payments in income until you are eligible to report them as a pension or annuity. See *How to report* under *Taxable Disability Pensions*, earlier.

How to Figure Your Exclusion

Generally, the most you may exclude is $5,200 a year. This exclusion may be less because of the weekly limit and the adjusted gross income limit. Or, it may be more if, during the year, you receive retroactive disability payments for an earlier year.

Weekly limit. You may exclude either the weekly disability pay you receive or $100 a week, whichever is less. If you do not receive your disability pay each week, you will have to figure your weekly pay.

If you are paid:	Figure your weekly pay by:
Every 2 weeks	Dividing your pay by 2
Twice a month	Multiplying your pay by 24 and dividing the result by 52
Once a month	Multiplying your pay by 12 and dividing the result by 52
Any other way	Dividing your yearly pay by 52

You may receive disability pay for part of a week. For example, your disability retirement may begin after the first day of your normal workweek. If this happens, you must use a daily rate to figure your exclusion for that short week. The following worksheet may be helpful in figuring your exclusion for the short week.

1) Divide $100 by the number of days a week you normally worked before you retired ..... $ _____
2) Divide the disability pay you received for the short week by the number of days you received it in that week ..... $ _____
3) Enter the amount from line 1 or line 2, whichever is less. This is your daily rate ..... $ _____
4) Multiply line 3 by the number of days you received disability pay in your short week. This is your exclusion for that week ..... $ _____

Adjusted gross income limit. You must reduce your exclusion dollar-for-dollar by your adjusted gross income (including disability income) that is more than $15,000. If line 22, Form 1040, minus lines 23-28, Form 1040, is $20,200 or more, you generally cannot exclude any of your disability payments. If both you and your spouse qualify for the disability income exclusion, generally neither of you can exclude disability payments if line 22, Form 1040, minus lines 23-28, Form 1040, is $25,400 or more. However, if your adjusted gross income is less in a later year, you may take the disability income exclusion in that later year.

Example. John Green qualifies to claim the disability income exclusion. His disability payments started on Thursday, January 31, 1980. On that day, he was paid $60 for two working days in that week. Each following Thursday, he was paid $150 for the week. His total income on line 22, Form 1040, for 1980 is $16,000. He does not claim any adjustments to income on lines 23-28, Form 1040. John figures his exclusion in the following way.

First, he must figure his exclusion for the short week. His normal workweek was 5 days.

1) Divide $100 by the number of days a week normally worked before retirement ($100 ÷ 5) $20
2) Divide the disability pay received for the short week by the number of days for which it was received in that week ($60 ÷ 2) $30
3) Enter the amount from line 1 or line 2, whichever is less. This is John's daily rate $20
4) Multiply line 3 by the number of days disability pay was received in the short week ($20 × 2). This is John's exclusion for that week $40

John now figures his exclusion for 1980. Because of the weekly limit, he uses $100 a week to figure the exclusion.

5) Exclusion for short week (from line 4)		$ 40
6) Exclusion for 47 weeks ($100 × 47)		4,700
7) Add line 5 and line 6		$4,740
8) Line 22, Form 1040	$16,000	
9) Total of amounts on lines 23-28, Form 1040	-0-	
10) Subtract line 9 from line 8	$16,000	
11) Amount used to figure adjusted gross income limit	15,000	
12) Adjusted gross income limit (line 10 minus line 11)		1,000
13) Disability income exclusion (line 7 minus line 12)		$3,740

John's Form 2440 is shown at the end of this publication.

Example 2. You and your spouse both qualify for the disability income exclusion. You received disability income of $125 a week, or $6,500; your spouse received disability income of $110 a week, or $5,720, for a combined disability income of $12,220. Your combined adjusted gross income (including disability income) is $18,000.

You must reduce your total disability income of $12,220 to $10,400 ($5,200 × 2) because of the weekly limit. You must further reduce this amount by your adjusted gross income limit of $3,000 ($18,000 minus $15,000). Therefore, you and your spouse may claim a disability income exclusion of $7,400 ($10,400 minus $3,000).

How to Claim Your Exclusion

Report the total disability payments you receive on line 8, Form 1040. Enter your exclusion on line 29, Form 1040. You do not have to itemize deductions to claim the exclusion. You may not use Form 1040A if you claim this exclusion.

Married persons. If you are married at the end of the tax year, you must file a joint return to claim the exclusion. But if you and your spouse lived apart the entire tax year, you may file either a joint return or a separate return and still claim the exclusion.

Form 2440. If you claim a disability income exclusion, attach a Form 2440 to your return. On Form 2440 show the date you retired, the name of your employer, and the name of the payer of your disability income if the payer is different from your employer. Use column (b), lines 1 through 9 of Form 2440 to show how you figured your exclusion. If you file a joint return and both you and your spouse qualify for the exclusion, use column (a) for the wife and column (b) for the husband.

Physician's statement. You must attach to your return a statement from a qualified physician certifying your permanent and total disability at the time you retired on disability. If you retired on disability before 1977, the statement may certify that you were permanently and totally disabled either at the time you retired or on January 1, 1976, or January 1, 1977.

A physician's statement with the required information is provided for you on Form 2440. After the statement has been filled in by your physician, attach it to Form 2440 and file it with your tax return.

If you filed a physician's statement in a previous year for the same disability, check the box provided on Form 2440. You do not have to attach another physician's statement this year.

Note: Instead of a physician's statement, you may attach to your return a certified copy or summary of medical records of a hospital or other medical care facility or government agency, such as the Veterans Administration or Social Security Administration. These records must show the same information required on a physician's statement.

Form W-2P given to you by your employer must include all disability payments received from your employer, whether or not tax has been withheld. Be sure to attach the first copy or Copy B of your Form W-2P to the front of your Form 1040.

Payments by insurance company, etc., not included on Form W-2 or Form W-2P. If the disability payments you receive are paid by an insurance company, a welfare fund, or anyone other than your employer, they may not be included in the amount shown on your Form W-2 or Form W-2P. You should report the disability payments received as additional wages on line 8, Form 1040. Attach a separate statement showing the name and address of the payer and the amount you received as disability income.

Recordkeeping. If you are a disabled retiree, the Form W-2P that you receive may not show your eligibility for the disability income exclusion or the recovery of your contribution to your retirement fund, if any. You should keep records, for tax purposes, that show when you claim the disability income exclusion and when you recover your contributions. By keeping such records, you will know when your contributions are used up and when your annuity becomes fully taxable. You should keep these records no matter when you begin to recover your contributions under the Three-Year Rule or the General Rule. The Three-Year Rule and the General Rule are explained in Publication 575, *Pension and Annuity Income.*

Form **2440**
Department of the Treasury
Internal Revenue Service

Disability Income Exclusion

(Applies Only to Disabled Retirees Under Age 65)

▶ Attach to Form 1040. ▶ See Instructions on back.

1980
26

Name(s) as shown on Form 1040: JOHN GREEN

Social security number: 111 | 11 | 1111

See Instruction B for Income Limits on Exclusion

	Date you retired (if after December 31, 1976, also enter this date in the space after box (2) on physician's statement below).	Employer's name (also give payer's name, if other than employer)
Yourself	JANUARY 31, 1980	ABC CONSTRUCTION CORPORATION
Spouse		

Note: *To take the disability income exclusion, you must complete lines 1 through 9.*

		Joint return filers use column (a) for wife and column (b) for husband. All other filers use column (b) only. (a)	(b)
1	Enter total disability pay you got during 1980		7,110.00
2	(i) Multiply $100 by the number of weeks for which your disability payments were at least $100. Enter total		4,700.00
	(ii) If you received disability payments of less than $100 for any week, enter the total amount you received for all such weeks		
	(iii) If you received disability payments for less than a week, enter the smaller amount of either the amount you received or the highest exclusion allowable for the period (see Instruction D)		40.00
	(iv) Add lines (i), (ii), and (iii). Enter total		4,740.00
3	Add amounts on line 2(iv). Enter total		4,740.00
4	Enter total income from Form 1040, line 22	16,000.00	
5	Add amounts on Form 1040, lines 23 through 28. Enter total	-0-	
6	Subtract line 5 from line 4	16,000.00	
7	Amount used to figure any exclusion decrease (see Instruction B)	$15,000.00	
8	Subtract line 7 from line 6 (if line 7 is more than line 6, enter $0)		1,000.00
9	Subtract line 8 from line 3. This is your disability income exclusion. Enter here and on Form 1040, line 29		3,740.00

10 If you filed a physician's statement for this disability in an earlier year, please check this box. (You do not have to file another statement.) ▶ ☐

Form **2440** (1980)

Physician's Statement of Permanent and Total Disability

▶ **Please complete and return to taxpayer.**

Name of disabled taxpayer: JOHN GREEN

Social security number: 111 | 11 | 1111

I certify that the taxpayer named above was (check only one box—please see instructions below):

(1) ☐ Permanently and totally disabled on January 1, 1976, or January 1, 1977.

(2) ☑ Permanently and totally disabled on the date he or she retired. Date retired ▶ JANUARY 31, 1980

Physician's name: THOMAS BROWN

Physician's address: 28 MAIN ST., HOMETOWN, MD. 20000

Physician's signature: Thomas Brown

Date: 2/15/80